HPM Best Practices Series

Using Wellness Incentives: Carrots or Sticks?

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- **Health risk appraisals (HRAs)**
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- **Custom and "turn-key" population health management (PHM) programs**
- **Consumer health training and coaching**
- **Consultation/services in Health and Productivity Management (HPM)**

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Introducing….

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Agenda

- ABCs of incentive design
- Best practices for incentive design
- Incentive types
  - Plan utilization
  - Preventive care
  - HRA
  - Participation
  - Wellness achievements
- Troubleshooting common problems
- An “optimal” case in point

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Why Incentives?

Because most human behavior is purposeful

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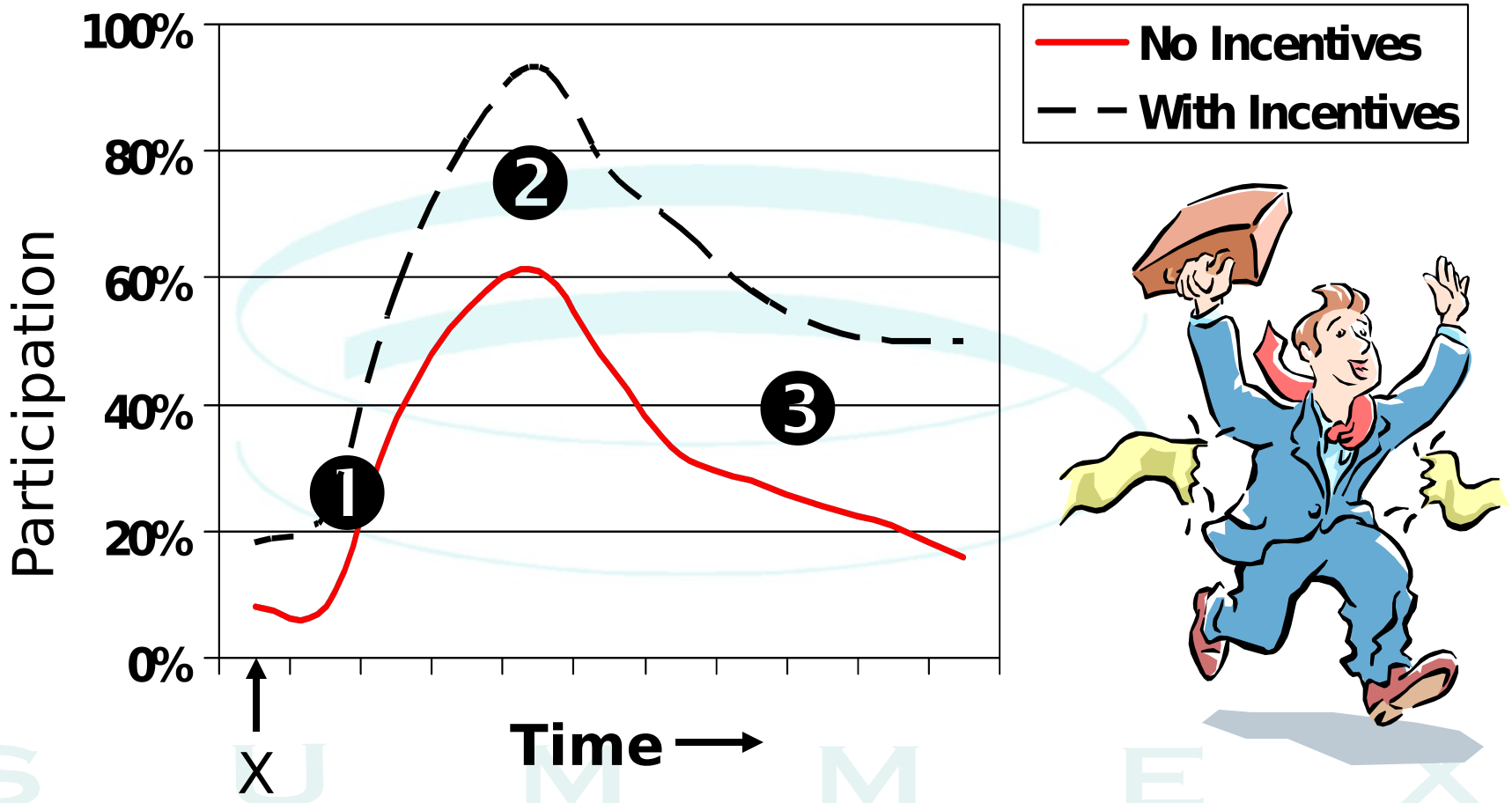
Practical Reasons for Incentives



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Key Definitions

- **Incentive ("Carrot")**
  - **An anticipated positive or desirable reward designed to influence the performance of an individual or group.**
- **Disincentive ("Stick")**
  - **An anticipated negative or undesirable consequence designed to influence the performance of an individual or group.**
- **Pay Value**
  - **The perceived positive or negative type of reward associated with adherence to or avoidance of a specific behavior.**
- **Motive Force**
  - **The extent to which an incentive reward(s) produce compliance with the required behavior of an incentive.**

Source: Chapman, Using Wellness Incentives, 2003

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Carrots or Sticks?

Make “carrots” large enough and they become “sticks.”

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What Makes Incentives Effective?

- **Desirable reward**
- **Acceptable required action(s)**
- **Clear rules**
- **Easy entry**
- **Congruence with personal goals**
- **Timeliness**
- **Group support**
- **Good follow-through**

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Types of Incentive "Pay Values"

PRIMARY REWARDS
Financial Reward
Avoid Financial Penalt
Time-off Reward
Material Goods
Special Work Privilege
Recognition
Group Competition
Ease of access
Newness
Gambling Urge
Belonging

SECONDARY REWARDS
Opportunity for Humor
Meet Personal Challenge
Fun and Lightness
Self-Mastery
Acceptance or Approval
Ability to Contribute
Creative Outlet
Be Good Exemplars
High Visibility
Avoid Personal Discomfort
Mix with Managers

Source: Chapman, Using Wellness Incentives, 2003.

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Key Areas of Wellness Incentives

- **Plan utilization**
- **Preventive care**
- **HRA completion**
- **Participation**
- **Wellness achievements**

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Plan Utilization Incentives:
Reasons to conserve health plan resources

- **Best Practice Methods:**
  - **CDHP: best overall approach**
  - **Adequate POU cost sharing**
  - **Gainsharing**
  - **Eliminate “use or lose”**
  - **Batch claim submission**
  - **Use of tiered approaches**
  - **Use of co-insurance**
  - **Cash discounts**
  - **Portability**
  - **Heirs inherit account**
  - **Criteria link to claims cost**

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HRA Completion Incentive:
Annual completion of an enhanced HRA

- **Best Practice Methods:**
  - **Part of annual re-enrollment process for participation in Section 125 plan**
  - **Part of annual re-enrollment process for Health Plan**
  - **Health plan annual premium discount of $250**
  - **Section 125 benefit credits/dollars bonus of $250**
  - **Health Savings Account contribution of $250**
  - **Health Reimbursement Arrangement contribution of $250**
  - **Flexible Spending Account contribution of $250**

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Participation Incentives:
Rewards for participation in program events and activities

- **Best Practice Methods:**
  - **One wellness achievement criteria requiring 3-5 wellness program activities during the year attached to $500 to $1,000 health plan premium discount for meeting any 8 out of 10 wellness achievement criteria**
  - **$30 to $100 for each wellness program activity completed provided on a gift or debit card**

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Preventive Care Incentives: Completion of all clinical preventive services for age, gender and risk

- **Best Practice Methods:**
  - **One wellness achievement criteria requiring up-to-date screening attached to $500 to $1,000 health plan premium discount for meeting any 8 out of 10 wellness achievement criteria**
  - **Annual preventive medical benefit of $300 at 100% plan paid**
  - **Provision of $250 contribution to individual's HSA for up-to-date screening**

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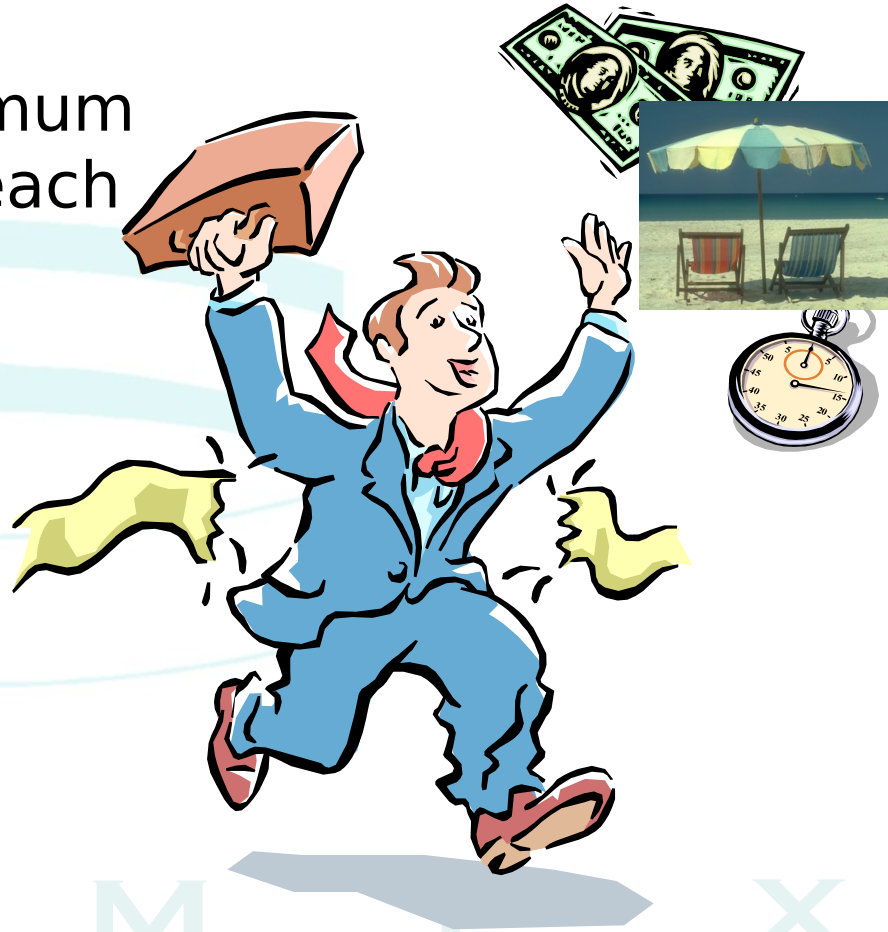
Wellness Achievement Incentives: Meeting a minimum number of wellness criteria each year

- **Best Practice Methods:**
  - **8 out of 10 wellness criteria earns $500 to $1,000 health plan premium discount**
  - **5 to 7 wellness criteria earns $250 health plan premium discount**
  - **$50 to $100 of value for meeting each of ten possible wellness achievement criteria**



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Why Use Wellness Achievement Criteria?

- **Affects many possible wellness behaviors**
- **Can be attached to a much larger reward**
- **Can be refined and modified over time**
- **Can be adapted to unique needs of a population**
- **Creates a “dynamic” for behavior change**
- **Provides for flexibility in programming**
- **Focuses program activity**

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Types of Wellness Criteria

- **Behavioral and participation emphasis**
- **Biometric emphasis**
- **Health care utilization emphasis**
- **Health and productivity emphasis**

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Wellness Criteria:
Behavior and Participation Emphasis

#1 No tobacco product use of any kind since January 1 or participation in an approved tobacco cessation program within this time period.

#2 A minimum average of two times a week use of an onsite fitness facility or an outside fitness center or completion of a web-based activity log with minimum activity levels since January 1.

#3 Participation in at least 2 qualifying wellness program activities including company sponsored activities or web-based programs since January 1.

#4 An Overall Wellness Score (OWS) of 85 or higher from the HRA or participation in an ongoing wellness program activity.

#5 Completion of the Wellness Quiz on the Company's website with a minimum of 80% correct answers.

#6 Attendance at a 2 hour "Feel Good Challenge" Consumer Training Workshop or completion of the webinar version since January 1.

#7 Agreement to wear a seat belt 100% of time the individual is in a motor vehicle.

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Wellness Criteria:
Biometric Emphasis

#1 A fasting total cholesterol <200 mg/dl, or at least a 10% reduction from the previous score, or an LDL <100 mg/dl or participation in a cholesterol reduction program or coaching process.

#2 A blood pressure reading below the moderate risk level of 120/80 mm/Hg or participation in a blood pressure management program or wellness coaching process

#3 A fasting blood sugar level < 120 mg/dl or participation in a diabetes prevention/management program or wellness coaching process.

#4 A Body Mass Index <30 or at least an improvement of 3 points since the last assessment or participation in a weight management program or wellness coaching process.

#5 An Overall Wellness Score (OWS) of 85 or higher or participation in an on-going wellness coaching activity.

#6 VO_2 uptake from a sub-maximal bicycle ergometer test in the healthy range for your age and gender.

#7 A stretch and flexibility score in the healthy range for your age and gender.

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Wellness Criteria:
Health Care Utilization Emphasis

#1 Completion of recommended preventive screening from the previous HRA or obtain an signed statement from your primary care practitioner that your own preventive screening is current or up-to-date.

#2 Identification of a primary care physician for every member of your family.

#3 Regular use of a medical self-care reference book or computer program.

#4 No emergency room use by any family member in the past twelve months.

#5 Less than $250 of personal health claims cost during the past 12 months (excluding preventive screening claims).

#6 At least three calls to the health advice line in the past twelve months.

#7 Use of only in-network health care providers for all family members in the past twelve months.

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Wellness Criteria:
Health and Productivity Emphasis

#1 No more than two sick leave days in the past twelve months. (Non-PTO)

#2 No more than two unscheduled leave days in the past twelve months. (PTO)

#3 No workers' compensation claims in the past twelve months.

#4 No work injuries during the past twelve months.

#5 No loss time due to work-related injuries .

#6 No lost work productivity due to presenteeism.*

#7 Enrollment in a Consumer-Driven Health Plan option.

*** = Due to one of the following causes:**

Hypertension
Heart disease
Depression/sadness and mental illness
Arthritis
Allergies
Diabetes
Migraine/headache
Any cancer
Respiratory infections
Asthma

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“Ideal” Approach?

- **Meet any 8 out 10 wellness criteria <u>and</u>**
- **You get $1,000 annual discount off your health plan premium contribution, or:**
- **You get $1,000 of additional benefit credits for use in your Section 125 Cafeteria Plan, or:**
- **You get $1,000 additional contribution in your Health Savings Account (HSA)**

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Troubleshooting Wellness Incentives

Problems

- Low participation
- Low completion
- Minimal interest
- Open resistance
- Low retention
- Heavy “gaming”
- Criticizing program

Causes

- Communication efforts
- Complexity of rules
- Wrong reward options
- Reward/effort mis-match
- Poor follow-through
- Too much “hassle”
- Inadequate “sentinel” features
- Conflict with group norms

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A Case in Point

- **Significant reward**
- **Simple rules**
- **Acceptable rationale**
- **Compatible purpose**
- **Easy to enter**
- **Required effort approximates reward**
- **Span of issues addressed**
- **Reminders provided**
- **Reward when expected**

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Summary of Main Points

- **Incentives are not a panacea, but they are critical**
- **Many possible behaviors can be incented**
- **Many types of rewards can be used**
- **They need to fit the culture of the organization**
- **Communication and magnitude of reward are key**
- **Incentives can definitely increase participation**
- **Wellness achievement criteria offer the best long term approach**
- **They need to be carefully designed and implemented**

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Questions?

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